

**REPORT OF THE AUDIT OF THE  
TRIMBLE COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE TRIMBLE COUNTY FISCAL COURT**

**June 30, 2009**

The Auditor of Public Accounts has completed the audit of the Trimble County Fiscal Court for fiscal year ended June 30, 2009. We have issued unqualified opinions, based on our audit of the governmental activities, each major fund, and aggregate remaining fund information of Trimble County, Kentucky.

#### **Financial Condition:**

The fiscal court had net assets of \$7,158,693 as of June 30, 2009. The fiscal court had unrestricted net assets of \$2,833,309 in its governmental funds as of June 30, 2009, with total net assets of \$7,158,693. The fiscal court had total debt principal as of June 30, 2009 of \$608,875 with \$105,994 due within the next year.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities.



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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Randy K. Stevens, Trimble County Judge/Executive  
Members of the Trimble County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trimble County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Trimble County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Trimble County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trimble County, Kentucky, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit it and express no opinion on it.



To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Randy K. Stevens, Trimble County Judge/Executive  
Members of the Trimble County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trimble County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2009 on our consideration of Trimble County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

November 12, 2009



TRIMBLE COUNTY OFFICIALS

For The Year Ended June 30, 2009

**Fiscal Court Members:**

Randy K. Stevens	County Judge/Executive
Kirby Melvin	Magistrate
Stephen L. Stark	Magistrate
Nolan Hamilton, Jr.	Magistrate
David Scott	Magistrate

**Other Elected Officials:**

Perry Arnold	County Attorney
Bobby Temple	Jailer
Jerry L. Powell	County Clerk
Theresa Edwards	Circuit Court Clerk
Tim Coons	Sheriff
Jill Mahoney	Property Valuation Administrator
Frederica Congleton	Coroner

**Appointed Personnel:**

Regina Rand	County Treasurer
Ashley Thornsberry	Finance Officer
Kathi McGuire	Payroll Officer
Tony Rowlett	Road Supervisor
Susan Barnes	Fiscal Court Clerk

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**TRIMBLE COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**TRIMBLE COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,833,309
Total Current Assets	<u>2,833,309</u>
Noncurrent Assets:	
Capital Assets - Net of Accumulated Depreciation	
Land	423,900
Buildings	1,086,663
Building Improvements	709,284
Land Improvements	439,546
Vehicles and Equipment	503,018
Infrastructure	1,771,848
Total Noncurrent Assets	<u>4,934,259</u>
Total Assets	<u>7,767,568</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Financing Obligations	105,994
Total Current Liabilities	<u>105,994</u>
Noncurrent Liabilities:	
Financing Obligations	502,881
Total Noncurrent Liabilities	<u>502,881</u>
Total Liabilities	<u>608,875</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	4,325,384
Unrestricted	2,833,309
Total Net Assets	<u>\$ 7,158,693</u>

The accompanying notes are an integral part of the financial statements.

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**TRIMBLE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**

**TRIMBLE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,206,251	\$ 760,283	\$ 208,798	\$
Protection to Persons and Property	663,888	242,588	77,362	
General Health and Sanitation	133,110			
Social Services	19,085			
Recreation and Culture	103,652		34,135	
Roads	558,232		225,729	520,183
Interest on Long-term Debt	24,829			
Capital Projects	89,670			
Total Governmental Activities	<u>\$ 2,798,717</u>	<u>\$ 1,002,871</u>	<u>\$ 546,024</u>	<u>\$ 520,183</u>

**General Revenues:**

Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Franchise Taxes

911 Taxes

Other Taxes

Excess Fees

Miscellaneous Revenues

Unrestricted Investment Earnings

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.



**TRIMBLE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

**Net (Expenses) Revenue**  
**and Changes in Net Assets**

**Governmental**  
**Activities**

\$	(237,170)
	(343,938)
	(133,110)
	(19,085)
	(69,517)
	187,680
	(24,829)
	(89,670)
\$	(729,639)

	203,471
	12,866
	33,471
	94,139
	52,404
	27,684
	61,379
	203,099
	80,959
	769,472
	39,833
	7,118,860
\$	7,158,693

The accompanying notes are an integral part of the financial statements.

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**TRIMBLE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**



**TRIMBLE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>License Fee Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 606,747	\$ 399,058	\$ 1,800,435	\$ 27,069	\$ 2,833,309
Total Assets	<u>606,747</u>	<u>399,058</u>	<u>1,800,435</u>	<u>27,069</u>	<u>2,833,309</u>
<b>FUND BALANCES</b>					
Unreserved:					
General Fund	606,747				606,747
Special Revenue Funds		399,058	1,800,435	27,069	2,226,562
Total Fund Balances	<u>\$ 606,747</u>	<u>\$ 399,058</u>	<u>\$ 1,800,435</u>	<u>\$ 27,069</u>	<u>\$ 2,833,309</u>

**Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Changes In Net Assets:**

Total Fund Balances	\$ 2,833,309
Amounts Reported For Governmental Activities In The Statement	
Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources	
And Therefore Are Not Reported in the Funds.	7,165,120
Depreciation	(2,230,861)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Financing Obligations	<u>(608,875)</u>
Net Assets Of Governmental Activities	<u>\$ 7,158,693</u>

The accompanying notes are an integral part of the financial statements

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**TRIMBLE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**TRIMBLE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<u>General Fund</u>	<u>Road Fund</u>	<u>License Fee Fund</u>
<b>REVENUES</b>			
Taxes	\$ 424,035	\$	\$
Excess Fees	61,379		
Licenses and Permits	727,583		
Intergovernmental	240,262	745,912	27,700
Charges for Services	212,461		
Miscellaneous	204,619		
Interest	5,848	9,040	66,028
Total Revenues	<u>1,876,187</u>	<u>754,952</u>	<u>93,728</u>
<b>EXPENDITURES</b>			
General Government	460,904		
Protection to Persons and Property	433,558		
General Health and Sanitation	125,026		
Social Services			
Recreation and Culture	41,614		
Roads		539,395	
Debt Service	127,424		
Capital Projects	89,670		
Administration	761,191	33,450	
Total Expenditures	<u>2,039,387</u>	<u>572,845</u>	
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(163,200)</u>	<u>182,107</u>	<u>93,728</u>
<b>Other Financing Sources (Uses)</b>			
Transfers From Other Funds	397,379		
Transfers To Other Funds	(132,000)	(106,000)	(294,379)
Total Other Financing Sources (Uses)	<u>265,379</u>	<u>(106,000)</u>	<u>(294,379)</u>
Net Change in Fund Balances	102,179	76,107	(200,651)
Fund Balances - Beginning	504,568	322,951	2,001,086
Fund Balances - Ending	<u>\$ 606,747</u>	<u>\$ 399,058</u>	<u>\$ 1,800,435</u>

The accompanying notes are an integral part of the financial statements.



**TRIMBLE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$	\$ 424,035
	61,379
	727,583
110,160	1,124,034
	212,461
3,480	208,099
43	80,959
<u>113,683</u>	<u>2,838,550</u>
825	461,729
200,731	634,289
6,000	131,026
13,912	13,912
56,388	98,002
	539,395
	127,424
	89,670
11,230	805,871
<u>289,086</u>	<u>2,901,318</u>
(175,403)	(62,768)
162,500	559,879
<u>(27,500)</u>	<u>(559,879)</u>
<u>135,000</u>	
(40,403)	(62,768)
67,472	2,896,077
<u>\$ 27,069</u>	<u>\$ 2,833,309</u>

The accompanying notes are an integral part of the financial statements.

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**TRIMBLE COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**TRIMBLE COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ (62,768)
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Amounts reported for governmental activities in the Statement of Activities are different because Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	365,521
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Depreciation Expense	(365,515)
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The issuance of long-term debt (e.g. bonds, financing obligations) provides current financial resources to governmental funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net assets.

Financing and bond principal payments are expensed in the Governmental Funds as a use of current financial resources.

Financing Obligations Principal Payments	102,595
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Change in Net Assets of Governmental Activities	\$ 39,833
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**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Trimble County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. Trimble County has no discretely presented component units.

**Blended Component Unit**

The following legally separate organization provides their services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

**Trimble County Parks Board**

The Parks Board was created for managing and maintaining the park. Fiscal Court has the authority to appoint a voting majority of the Parks Board's board of directors. Financial information for the Parks Board is blended within Trimble County's financial statements and is presented as the Trimble County Parks Board Fund.

**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Trimble County Elected Officials Not Part Of Trimble County, Kentucky**

Kentucky law provides for election of the officials below from the geographic area constituting Trimble County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Trimble County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs. The County has no business or fiduciary type funds.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.



**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Major individual governmental funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

**Road Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**License Fee Fund** - The purpose of this fund is to account for funds received from waste hauling permits and license fees. The funds may be used for any purpose.

The primary government also has the following non-major funds: Jail Fund, Local Government Economic Assistance Fund, and Trimble County Parks Board Fund.

**Special Revenue Funds:**

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, License Fee Fund, and Trimble County Parks Board Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction in Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Fund Equity (Continued)**

“Reserved for Encumbrances” are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Trimble County Parks Board Fund to be budgeted because the fiscal court does not approve the expenditures from these funds.

**Note 2. Deposits**

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 423,900	\$	\$	\$ 423,900
Construction In Progress	399,502	117,926	(517,428)	
Total Capital Assets Not Being Depreciated	823,402	117,926	(517,428)	423,900
Capital Assets, Being Depreciated:				
Buildings	760,259	517,428		1,277,687
Building Improvements	966,162			966,162
Land Improvements	507,043	12,800		519,843
Vehicles and Equipment	1,444,393	25,468		1,469,861
Infrastructure	2,298,340	209,327		2,507,667
Total Capital Assets Being Depreciated	5,976,197	765,023		6,741,220
Less Accumulated Depreciation For:				
Buildings	(167,509)	(23,515)		(191,024)
Building Improvements	(218,715)	(38,163)		(256,878)
Land Improvements	(65,464)	(14,833)		(80,297)
Vehicles and Equipment	(874,644)	(92,199)		(966,843)
Infrastructure	(539,014)	(196,805)		(735,819)
Total Accumulated Depreciation	(1,865,346)	(365,515)		(2,230,861)
Total Capital Assets, Being Depreciated, Net	4,110,851	399,508		4,510,359
Governmental Activities Capital Assets, Net	\$ 4,934,253	\$ 517,434	\$ (517,428)	\$ 4,934,259

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 56,577
Protection to Persons and Property	47,140
General Health and Sanitation	2,084
Social Services	5,173
Recreation and Culture	21,427
Roads, Including Depreciation of General Infrastructure Assets	233,114
Total Depreciation Expense - Governmental Activities	<u>\$ 365,515</u>

**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt**

**A. Courthouse Renovation**

On May 22, 2002, the fiscal court entered into a financing agreement with the Kentucky Association of Counties Leasing Trust to borrow \$650,000 at a variable interest rate for the renovation of the Trimble County Courthouse. The county will make monthly payments of varying amounts for 10 years in accordance with the contract. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2010	70,994	7,297
2011	74,565	4,496
2012	78,316	1,603
Totals	<u>\$ 223,875</u>	<u>\$ 13,396</u>

**B. Courthouse Expansion**

On May 31, 2007, the fiscal court entered into a financing agreement with the Kentucky Association of Counties Leasing Trust to borrow \$450,000 at a variable interest rate for the expansion of the Trimble County Courthouse. The county will make monthly payments of varying amounts for 11 years in accordance with the contract. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2010	35,000	18,192
2011	35,000	16,419
2012	40,000	14,449
2013	40,000	12,390
2014	40,000	10,365
2015-2018	195,000	17,530
Totals	<u>\$ 385,000</u>	<u>\$ 89,345</u>

**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**C. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Financing Obligations	\$ 711,470	\$	\$ 102,595	\$ 608,875	\$ 105,994
Governmental Activities					
Long-term Liabilities	<u>\$ 711,470</u>	<u>\$ 0</u>	<u>\$ 102,595</u>	<u>\$ 608,875</u>	<u>\$ 105,994</u>

**Note 5. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 29.50 percent. The county's contribution for FY 2007 was \$145,684, FY 2008 was \$191,445, and FY 2009 was \$162,576.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 6. Deferred Compensation**

On February 24, 2000, the Trimble County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

**TRIMBLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 6. Deferred Compensation (Continued)**

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 7. Insurance**

For the fiscal year ended June 30, 2009, Trimble County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 8. Prior Period Adjustment**

Beginning net assets of the governmental activities has been restated for a mistake in prior year depreciation by an increase of \$480 and decreased by \$22,526, due to construction in progress not being calculated correctly.

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**TRIMBLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**



**TRIMBLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2009**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 414,300	\$ 414,300	\$ 424,035	\$ 9,735
Excess Fees	30,000	30,000	61,379	31,379
Licenses and Permits	950,600	950,600	727,583	(223,017)
Intergovernmental Revenue	93,900	141,466	203,562	62,096
Charges for Services	195,000	195,000	212,461	17,461
Miscellaneous	216,000	220,365	204,619	(15,746)
Interest	5,000	5,000	5,848	848
Total Revenues	<u>1,904,800</u>	<u>1,956,731</u>	<u>1,839,487</u>	<u>(117,244)</u>
<b>EXPENDITURES</b>				
General Government	425,546	474,399	460,904	13,495
Protection to Persons and Property	392,815	434,258	433,558	700
General Health and Sanitation	142,550	142,550	125,026	17,524
Recreation and Culture	35,000	42,000	41,614	386
Debt Service	94,000	94,000	90,724	3,276
Capital Projects		90,000	89,670	330
Administration	897,100	761,735	761,191	544
Total Expenditures	<u>1,987,011</u>	<u>2,038,942</u>	<u>2,002,687</u>	<u>36,255</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(82,211)</u>	<u>(82,211)</u>	<u>(163,200)</u>	<u>(80,989)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	100,000	100,000	397,379	297,379
Transfers To Other Funds	<u>(250,550)</u>	<u>(250,550)</u>	<u>(132,000)</u>	<u>118,550</u>
Total Other Financing Sources (Uses)	<u>(150,550)</u>	<u>(150,550)</u>	<u>265,379</u>	<u>415,929</u>
Net Changes in Fund Balance	(232,761)	(232,761)	102,179	334,940
Fund Balance - Beginning	<u>232,761</u>	<u>232,761</u>	<u>504,568</u>	<u>271,807</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 606,747</u>	<u>\$ 606,747</u>

**TRIMBLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 694,500	\$ 694,500	\$ 745,912	\$ 51,412
Interest	8,000	8,000	9,040	1,040
Total Revenues	702,500	702,500	754,952	52,452
<b>EXPENDITURES</b>				
Roads	836,850	851,650	539,395	312,255
Administration	63,150	48,350	33,450	14,900
Total Expenditures	900,000	900,000	572,845	327,155
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(197,500)	(197,500)	182,107	379,607
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds			(106,000)	(106,000)
Total Other Financing Sources (Uses)			(106,000)	(106,000)
Net Changes in Fund Balance	(197,500)	(197,500)	76,107	273,607
Fund Balance - Beginning	197,500	197,500	322,951	125,451
Fund Balance - Ending	\$ 0	\$ 0	\$ 399,058	\$ 399,058

**TRIMBLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>LICENSE FEE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and Permits	\$ 21,000	\$ 21,000	\$ 27,700	\$ 6,700
Interest	80,050	80,050	66,028	(14,022)
Total Revenues	101,050	101,050	93,728	(7,322)
<b>EXPENDITURES</b>				
Administration	1,050	1,050		1,050
Total Expenditures	1,050	1,050		1,050
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	100,000	100,000	93,728	(6,272)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	(100,000)	(100,000)	(294,379)	(194,379)
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(294,379)	(194,379)
Net Changes in Fund Balances			(200,651)	(200,651)
Fund Balances - Beginning			2,001,086	2,001,086
Fund Balances - Ending	\$ 0	\$ 0	\$ 1,800,435	\$ 1,800,435

**TRIMBLE COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2009**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance-Modified Cash Basis* differs from the *Budgetary Comparison Schedule* for the General Fund in intergovernmental revenue and debt service by \$36,700 due to payments by the Administrative Office of the Courts directly to the trustee for debt service.

**TRIMBLE COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**





**TRIMBLE COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

	<b>Jail Fund</b>	<b>LGEA Fund</b>	<b>Trimble County Parks Board Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,107	\$ 15,425	\$ 7,537	\$ 27,069
Total Assets	<u>4,107</u>	<u>15,425</u>	<u>7,537</u>	<u>27,069</u>
<b>FUND BALANCES</b>				
Special Revenue Funds	<u>4,107</u>	<u>15,425</u>	<u>7,537</u>	<u>27,069</u>
Total Fund Balances	<u>\$ 4,107</u>	<u>\$ 15,425</u>	<u>\$ 7,537</u>	<u>\$ 27,069</u>

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**TRIMBLE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2009**



**TRIMBLE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>Jail Fund</b>	<b>LGEA Fund</b>	<b>Trimble County Parks Baord Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>				
Intergovernmental	\$ 76,025	\$ 34,135	\$	\$ 110,160
Miscellaneous		2,445	1,035	3,480
Interest		43		43
Total Revenues	<u>76,025</u>	<u>36,623</u>	<u>1,035</u>	<u>113,683</u>
<b>EXPENDITURES</b>				
General Government		825		825
Protection to Persons and Property	200,731			200,731
General Health and Sanitation		6,000		6,000
Social Services		13,912		13,912
Recreation and Culture		47,573	8,815	56,388
Administration	11,230			11,230
Total Expenditures	<u>211,961</u>	<u>68,310</u>	<u>8,815</u>	<u>289,086</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(135,936)</u>	<u>(31,687)</u>	<u>(7,780)</u>	<u>(175,403)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	136,000	16,500	10,000	162,500
Transfers To Other Funds		(27,500)		(27,500)
Total Other Financing Sources (Uses)	<u>136,000</u>	<u>(11,000)</u>	<u>10,000</u>	<u>135,000</u>
Net Change in Fund Balances	64	(42,687)	2,220	(40,403)
Fund Balances - Beginning	4,043	58,112	5,317	67,472
Fund Balances - Ending	<u>\$ 4,107</u>	<u>\$ 15,425</u>	<u>\$ 7,537</u>	<u>\$ 27,069</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**







**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Randy K. Stevens, Trimble County Judge/Executive  
Members of the Trimble County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trimble County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated November 12, 2009. Trimble County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Trimble County Fiscal Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trimble County Fiscal Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Trimble County Fiscal Court's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Trimble County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the entity, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

November 12, 2009

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**TRIMBLE COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



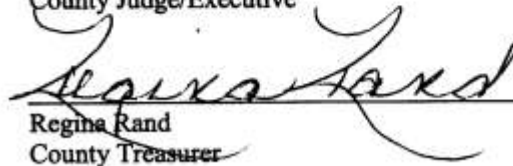
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
TRIMBLE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2009

The Trimble County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Randy K. Stevens  
County Judge/Executive



Regina Rand  
County Treasurer

